PROVINCE OF SASKATCHEWAN

10-11

ANNUAL REPORT

PUBLIC SERVICE SUPERANNUATION BOARD

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Letters of Transmittal

His Honour, The Honourable Dr. Gordon L. Barnhart
Lieutenant Governor of Saskatchewan

May it Please Your Honour:

I have the honour to submit herewith the eighty-fourth Annual Report of the Public Service Superannuation Board, together with the financial statements, for the fiscal year ending March 31, 2011, pursuant to the provisions of Section 69 of *The Public Service Superannuation Act*.

Ken Krawetz
Minister in Charge
Public Service Superannuation Board

The Honourable Ken Krawetz
Minister in Charge
Public Service Superannuation Board

Sir:

On behalf of the Public Service Superannuation Board, I have the honour to present herewith the eighty-fourth Annual Report of the Public Service Superannuation Board for the fiscal year ended March 31, 2011.

Brian Smith
Board Chair

Chair's Comments

It is my privilege to serve as Chair for the Public Service Superannuation Board. The Board consists of three members appointed by the Lieutenant Governor in Council.

The Public Service Superannuation Plan (PSSP) came into effect on May 1, 1927. The enrolment of new members ended at the inception of the Public Employees Pension Plan on October 1, 1977. This is therefore a closed plan.

The Board updated its business plan goals, objectives and initiatives in March 2009. The business plan covers the six year period of 2009-2015. This annual report reports initiatives for that period as well as the activities accomplished in 2010-2011.

In managing the assets of the Saskatchewan Transportation Company Employees Superannuation Fund, the Board reviews the performance of the Fund's investments in terms of the performance of a benchmark portfolio over rolling four-year periods. The Board measures the performance of the investment managers against the objectives set for that portfolio.

On behalf of the Board, I am presenting the 2010-2011 Annual Report for the Public Service Superannuation Plan.

Brian Smith
Board Chair

Introduction

The primary purpose of the Public Service Superannuation Board is to provide pension benefits to employees in the event of retirement and secondarily in the event of termination of employment. The Public Service Superannuation Plan (PSSP) also provides benefits to the dependents of deceased employees and superannuates in the event of death either prior, or subsequent, to retirement.

The Plan is a defined benefit pension plan, which provides a benefit based on an employee's highest earnings during specified periods taking into consideration their total years of service to a maximum of 35 years. Currently employees who are contributing to the Plan make contributions at a rate of seven per cent, eight per cent or nine per cent, depending on their age when they entered the Plan. This contribution is offset by an amount equal to 1.8 per cent of their pensionable earnings between the Year's Basic Exemption and the Year's Maximum Pensionable Earnings as defined on an annual basis by the Canada Pension Plan.

The Plan is governed by *The Public Service Superannuation Act*, which came into being on May 1, 1927.

The Act also governs employees of The Anti-Tuberculosis League and the Saskatchewan Transportation Company.

The Plan was closed to new members as of October 1, 1977.

Public Service Superannuation Board

The Board, which consists of three members appointed by the Lieutenant Governor in Council, is responsible for the administration of *The Public Service Superannuation Act*. At March 31, 2011, the Board was composed of three members (listed in *Table 1.1*).

Public Service Superannuation Board Members	
Brian Smith	Chair
Nathan Hagan	Member
Barry Nowoselsky	Member

Table 1.1

Members of the Board receive no compensation for the performance of their roles as Board members. They are remunerated for reasonable expenses for attending Board meetings and other functions in their capacity as Board members.

Administration

The Board is ultimately responsible for the Plan's administration, communication and investment activities. To discharge these responsibilities, the Board uses the services of various organizations. The Public Employees Benefits Agency (PEBA) has responsibility for the operation, administration and management of several superannuation plans and other employee benefits programs. PEBA provides the following administrative services for the Public Service Superannuation Plan:

- provides pension estimates on retirement, termination, death and breakdown of spousal relationships, as well as transfer values for members wishing to transfer into the PSSP from other pension plans;
- prepares annual member statements by the end of June each year;
- calculates termination, pension, and death benefits;
- accounts for all investment transactions;
- collects members' and employers' contributions; and
- provides executive management services to the Board.

PEBA is responsible for ensuring that all transactions are made in accordance with *The Public Service Superannuation Act, The Superannuation (Supplementary Provisions) Act*, and their related regulations.

The Board retains Greystone Managed Investments Inc. as the investment manager for the Saskatchewan Transportation Company Employees Superannuation Fund. Aon Hewitt is retained as the investment consultant for the Fund.

Mission

Our mission as the Plan's administrator is to manage the Plan solely in the best interests of the members.

Business Plan Goals, Objectives and Initiatives

In 2009, the Board adopted a multi-year business plan to achieve the Plan's goals through to 2014-2015.

The business plan allows the Board to focus on making key decisions to set a clear direction for the Plan's future. Annual reports are used to assess overall progress toward goals and initiatives and to adjust future plans and activities.

The business plan sets out initiatives for the planning period within four business goals:

A. Service Delivery, Design and Communications:

Plan members have access to the information they require to make decisions about their retirement.

B. Plan Governance:

The Board's governance processes ensure the Board has the information it needs to provide effective oversight of the Plan.

C. Accountability:

The activities of the Board and its service providers are reported.

D. Risk Management:

Risks facing the Plan are identified and effective strategies are employed to manage those risks.

The initiatives used to support these goals and the associated objectives are not generally time-bound. Rather, they are initiatives that are required to be undertaken on an ongoing basis.

Business Plan Goals, Objectives and Initiatives

A. Service Delivery, Design and Communications

Plan members have access to the information they need to make informed decisions with respect to their retirement.

The immediate focus of service delivery is on the remaining non-retired active members of the Plan until such time as all or substantially all of the active members are retired. The primary focus will then shift to service delivery for retired members.

Objective

- Plan members have access to the information they require to make the decisions about their retirement.

Activities Accomplished in 2010-2011

- Retire*With*Ease, the Plan's retirement planning sessions, are available to all members of the Plans that PEBA administers. These sessions are scheduled throughout the year across Saskatchewan. The schedule, locations and information materials are available on the Plan website. Members may register to attend a session online or by fax.

- Members and the employers have access to up-to-date Plan information via the Plan website, PEBA administration staff, Plan overview sessions, and Retire*With*Ease sessions. Communication materials include the member booklet, InfoSheet publications, Annual Reports, Statement of Investment Policies and Goals (SIP&G) for the Saskatchewan Transportation Company Employees Superannuation Fund, Employer Administration Guide and information sheets, and online pension-related articles.

- The annual member statements were issued on June 10, 2010.

Activities Planned through to 2014-2015

- Continued review, monitoring and reporting of the ongoing activities related to service delivery, design and communications. These ongoing activities include the continued delivery of Retire*With*Ease, Plan overview sessions, and member and employer communication materials.

Business Plan Goals, Objectives and Initiatives

B. Plan Governance

The Board's governance processes ensure the Board has the information needed to provide effective oversight of the Plan. The Board has developed its governance practices and policies in recent years and will continue to implement and maintain its governance program.

Objectives

- The Board has the information it needs.
- The governance model is appropriate for the Plan.

Activities Accomplished in 2010-2011

- The Board reviewed and approved amendments to the Business Plan for the period 2009-2010 to 2014-2015 at its June 2010 Board meeting.
- The Board approved its updated Governance Manual at its November 2010 Board meeting. The substantive updates included a definition of the duties of individual Board members in their roles as fiduciaries.
- The Board reviewed and signed its Code of Conduct and Conflict of Interest Procedures at its November 2010 Board meeting.
- The Board reviewed and approved the Governance Self-Assessment Questionnaire at its March 2011 Board meeting. The questionnaire is available on the Plan website under Plan Governance.
- The Board received PEBA Quarterly Administration Reports for the 2010 periods ending March 31, September 30, and December 31 at its Board meetings in June 2010, November 2010 and March 2011, respectively. The Board received the report for the period ending June 30, 2010 via e-mail in August 2010. The Administration Report provides the Board with updates in regard to the financial statements, budget, Plan administration, PEBA administration, and PEBA risk management.

Activities Planned through to 2014-2015

- Continued review, monitoring and reporting of the ongoing activities related to Plan Governance. These ongoing activities include the quarterly administration reporting process, annual review of the Governance Manual, annual review of the Code of Conduct and Conflict of Interest Procedures, and annual self-assessment process.
- Provide the Minister of Finance with a recommendation indicating that it is appropriate to undertake a review of the governance model for the Plan.

Business Plan Goals, Objectives and Initiatives

C. Accountability

The activities of the Board and its service providers are reported.

Effective plan management requires a strong focus on accountability, the basis of which is the establishment of measurable objectives and the monitoring of progress against these objectives. To ensure accountability, the reporting of results is critical.

The Board has established administration service standards and a Statement of Investment Policies and Goals (SIP&G) for the Fund.

Objective

- The Board reports results to stakeholders.

Activities Accomplished in 2010-2011

- The Public Service Superannuation Plan Annual Report for the period ending March 31, 2010 was tabled with the Legislative Assembly of Saskatchewan on July 22, 2010. The Annual Report included enhancements as identified and approved by the Board. The Annual Report is available on the Plan website under Annual Reports.

- The PEBA Quarterly Administration Report provides the Board with quarterly service standard performance reporting.

- The Board approved the SIP&G for the Saskatchewan Transportation Company Employees Superannuation Fund at its Board meeting in June 2010. The SIP&G is available on the Plan website under Investment Policies.

- The Governance Self-Assessment Questionnaire, as approved at the Board's March 2011 meeting, is available on the Plan website under Plan Governance.

Activities Planned through to 2014-2015

- Continued review, monitoring and reporting of the ongoing activities related to accountability. These ongoing activities include review and identification of enhancements to the Plan's website and Annual Report.

Business Plan Goals, Objectives and Initiatives

D. Risk Management

Risks facing the Plan are identified and strategies are employed to manage those risks.

Effective governance requires a strong focus on risk management, the basis of which is the identification and quantification of risks, and the development and implementation of effective strategies to manage the risks.

The Board has established an annual risk management planning process. This includes the identification of risks and the development and implementation of strategies to manage the risks. The Board also annually reviews the results of its risk management process.

Objectives

- The Board identifies and manages the risks of the Plan.
- The Statement of Investment Policies and Goals (SIP&G) for the Saskatchewan Transportation Company Employees Fund is appropriate.

Activities Accomplished in 2010-2011

- The Board approved its 2009-2010 Risk Management Review and 2010-2011 Risk Management Plan at its Board meeting in June 2010.
- The Board approved the SIP&G for the Saskatchewan Transportation Company Employees Superannuation Fund at its Board meeting in June 2010. The SIP&G is available on the Plan website under Investment Policies.
- The most recent version of PEBA's Business Continuity Plan and Disaster Recovery Plan was filed with the Board's Executive Secretary on January 11, 2011.

Activities Planned through to 2014-2015

- Continued review, monitoring and reporting of the annual risk management planning and review process.
- Review the SIP&G for the Saskatchewan Transportation Company Employees Superannuation Fund to ensure it is appropriate in terms of meeting the on-going cash needs of the Saskatchewan Transportation Company portion of the Plan.
- In 2011, as part of a bi-annual review, service providers will be required to confirm their adherence to a code of conduct and conflict of interest policy, and to confirm that they have a Business Continuity Plan for their organizations.

Investments

Investment Performance

The Minister of Finance is responsible for holding in trust and investing the monies in the Saskatchewan Transportation Company Employees Superannuation Fund (Fund). The Minister has delegated these responsibilities to the Public Service Superannuation Board, who in turn have retained the services of Greystone Managed Investments Inc. to be the investment manager.

The investment manager makes the day-to-day decision of whether to buy or sell specific investments in order to achieve the long-term investment performance goals set out by the Board in their Statement of Investment Policies and Goals for the Fund.

The Fund's long-term investment performance objective is to outperform a benchmark portfolio constructed as shown in *Table 1.2.*

Benchmark Portfolio

Asset Class	Market Index	Weight
Canadian	S&P/TSX Capped Composite Index	15%
US	S&P 500 Index	10%
Non-North American	MSCI EAFE Index	10%
Fixed Income Bonds	DEX Universe Bond Index	60%
Short-Term Investments	DEX 91 Day T-Bill Index	5%
Total		100%
See Appendix 'A' for a description of market indices.		

Table 1.2

The objective of the Fund is to achieve a return that is equal to or greater than the return achieved from this benchmark portfolio over a rolling four-year period.

It is against this objective that the Board assesses the performance of the investment manager.

The performance history of the Fund as of March 31, 2011 is shown in *Table 1.3.*

Fund Performance

	1-Year Return	Rolling 4-Year Average
Fund Return	8.8%	3.4%
Benchmark Return	7.9%	3.2%

Table 1.3

Plan Administration

The Board has delegated the day-to-day administration of the Plan and management of its assets to PEBA.

PEBA provides all services required to operate, administer and manage the Plan in a manner consistent with and according to all statutory provisions and regulations that apply to the Plan. PEBA reports measurement against standards to the Board quarterly. *Table 1.4* provides measurement results for the 2010-2011 year.

PEBA provides Senior Executive Officer services and Executive Secretary services to the Board.

In 2010-2011, the Board paid PEBA $1,225,119 for administrative services.

Any deficiencies in the Plan are paid out of the General Revenue Fund and are the responsibility of the Government of Saskatchewan. For the most part the Plan is unfunded, although some monies are held in the Saskatchewan Transportation Company Employees Superannuation Fund.

PEBA Service Standards April 1, 2010 to March 31, 2011				
Task	**Completed**	**Number that Meet or Exceed Standard**	**% that Meet or Exceed Standard**	**Standard* (Days)**
Statement on termination	1	0	0.0	60
Payments	1	1	100.0	14
Retirements	193	188	97.4	30
Deaths	289	281	97.2	30
Pension estimates	321	266	82.9	60
Spousal breakdown calculations	3	2	66.7	45
Reciprocal transfer values	0	0	n/a	30
Purchase of service	15	4	26.7	30
General inquiries	11	6	54.5	14
Total	834	748	89.7	-

** Standard is set by agreement between the Board and PEBA.*

Table 1.4

Plan Expenditures and Statistics

Benefit Payments

Benefit payments are made in accordance with the Plan rules due to retirement of employees, termination of employment and death benefits – either due to death of an employee or a superannuate.

Annual pensions are calculated as two per cent of a member's average salary during the five years of highest salary, multiplied by the total number of years of service to a maximum of 35 years. At age 65, members' pensions are reduced due to integration with the Canada Pension Plan.

In the year ended March 31, 2011, PSSP paid a total of $122.9 million in benefits to pensioners, including retired employees of the Saskatchewan Transportation Company and The Anti-Tuberculosis League.

Contributions to the Plan

In accordance with the contribution schedules, employee contributions to the Plan during the year totaled $1,731,000. This compares to $2,438,000 as of the previous fiscal year end. In addition, employer contributions were made to the Plan during the year, totaling $595,000, a decrease from $702,000 the previous year.

Table 1.5 shows the number of active and retired employees in the Plan as of the current and prior year-ends.

Active and Retired Employees

	March 31, 2011			March 31, 2010		
	PSSP	**Anti-TB**	**STC**	**PSSP**	**Anti-TB**	**STC**
Active Employees	623	0	4	890	0	6
Inactive Employees	94	2	5	115	2	5
Retired Employees*	5,703	45	114	5,691	55	121
	6,420	**47**	**123**	**6,696**	**57**	**132**

** Includes superannuates, plus their dependants now in receipt of a survivor pension*

Table 1.5

These tables are summaries that show the total number of death benefits paid on behalf of superannuates who died during the year and benefits upon termination of employment other than retirement.

Death Benefit Summary

	March 31, 2011	March 31, 2010
Superannuate Survivor Pension	95	72
Superannuate Cash Benefit	1	3
Totals	**96**	**75**

Table 1.6

Termination of Employment Summary

	March 31, 2011	March 31, 2010
Cancel Deferred	1	2
Termination of Membership	1	1
Reciprocal Transfers	-	-
Totals	**2**	**3**

Table 1.7

Plan Expenditures and Statistics

Table 1.8 summarizes all employees who retired during the year, including employees of the Saskatchewan Transportation Company and The Anti-Tuberculosis League.

The table is divided by category of retirement and includes employees who terminated and elected retirement at a future date, as well as those who died during the year.

Employee Retirement Summary	March 31, 2011	March 31, 2010
Attained Age 65	7	5
Attained Age 60 - with reduction	-	-
Attained Age 60 - no reduction	13	14
Attained 35 years of Service	162	153
Age 55 and 30 years service - reduced pension	3	4
Ill Health Pension	-	-
Granted Deferred Allowance	-	-
Deferred Allowance now Payable	5	3
Early Retirement Allowance	-	-
Deceased Employees	2	4
Totals	**192**	**183**

Table 1.8

Management's Report

To the Members of the Legislative Assembly of Saskatchewan

Administration of the Plan is presently assigned to the Public Employees Benefits Agency of the Ministry of Finance. Management is responsible for financial administration and administration of the Funds and fund assets.

The financial statements which follow have been prepared by management in conformity with Canadian generally accepted accounting principles. Management uses internal controls and exercises its best judgment in order that the financial statements fairly reflect the financial position of the Plan.

The accrued pension benefits are determined by an actuarial valuation. Actuarial valuation reports require best judgment in order that the financial statements reflect fairly the financial position of the Plan.

The financial statements have been audited by the Provincial Auditor whose report follows.

Brian Smith
Assistant Deputy Minister
Public Employees Benefits Agency

A. Mackrill

Ann Mackrill
Director, Pension Programs
Public Employees Benefits Agency

Kara Marchand

Kara Marchand, CMA
Director, Corporate Services
Public Employees Benefits Agency

Regina, Saskatchewan
June 17, 2011

Actuaries' Opinion

Aon Hewitt was retained by the Public Service Superannuation Board (the Board) to perform actuarial valuations of the accrued pension benefits of the Public Service Superannuation Plan, including the Public Service Superannuation Fund, the Anti-Tuberculosis League Employees Superannuation Fund, and the Saskatchewan Transportation Company Employees Superannuation Fund (the Plan) on an accounting basis as at December 31, 2008. Aon Hewitt was further retained to extrapolate the results of this valuation to March 31, 2009, March 31, 2010 and March 31, 2011.

The actuarial valuations and extrapolations were based on:

- Membership data provided by the Board as at December 31, 2008;
- Asset data provided by the Board as at March 31, 2011;
- Methods prescribed by The Canadian Institute of Chartered Accountants for pension plan financial statements; and
- Assumptions about future events (economic and demographic) which were developed by management and Aon Hewitt and are considered as management's best estimate of these events.

While the actuarial assumptions used to estimate the present value of the accrued pension benefits for the Plan's financial statements contained in the Annual Report represent management's best estimate of future events, and while in our opinion these assumptions are not unreasonable, the Plan's future experience will differ from the actuarial assumptions. Emerging experience differing from the assumptions will result in gains or losses that will be revealed in future valuations, and will affect the financial position of the Plan.

We have tested the data for reasonableness and consistency with prior valuations and in our opinion the data are sufficient and reliable for the purposes of the valuations and extrapolations. Our opinions have been given and our valuations and extrapolations have been performed in accordance with accepted actuarial practice.

David Larsen

David R. Larsen, FSA, FCIA
Aon Hewitt

June 6, 2011

Public Service Superannuation Board

Public Service Superannuation Plan

Financial Statements

Year Ended March 31, 2011

Independent Auditor's Report

To: The Members of the Legislative Assembly of Saskatchewan

I have audited the accompanying financial statements of the Public Service Superannuation Plan, which comprise the statement of net assets available for benefits, accrued pension benefits and unfunded liability as at March 31, 2011, and the statement of changes in net assets available for benefits and statement of changes in accrued pension benefits for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles for Treasury Board's approval and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the net assets available for benefits, accrued pension benefits and unfunded liability of the Public Service Superannuation Plan as at March 31, 2011, and the changes in net assets available for benefits and changes in accrued pension benefits for the year then ended in accordance with Canadian generally accepted accounting principles.

Bonnie Lysyk

Regina, Saskatchewan
June 17, 2011

Bonnie Lysyk, MBA, CA•CIA
Provincial Auditor

Public Service Superannuation Plan
Statement of Net Assets Available for Benefits, Accrued Pension Benefits and Unfunded Liability

Statement 1

As At March 31

	Anti-Tuberculosis League Employees Superannuation Fund (000's)		Sask Transportation Company Employees Superannuation Fund (000's)		Public Service Superannuation Fund (000's)		Total (000's)	
	2011	2010	2011	2010	2011	2010	2011	2010
ASSETS								
INVESTMENTS: (Note 3)								
Pooled funds	$ -	$ -	$ 7,043	$8,581	$ -	$ -	$ 7,043	$8,581
RECEIVABLES:								
Due from General Revenue Fund (Note 5)	-	-	12	7	-	-	12	7
Deficiency contribution due from GRF (Note 6)	-	-	-	-	193	-	193	-
Employees' contributions	-	-	-	-	8	60	8	60
Employers' contributions	-	-	-	-	5	22	5	22
Other receivables	2	3	-	1	2	37	4	41
Total assets	2	3	7,055	8,589	208	119	7,265	8,711
LIABILITIES								
Contributions payable to General Revenue Fund	-	-	-	-	-	36	-	36
Accounts payable and accrued liabilities	2	3	12	10	208	83	222	96
Total liabilities	2	3	12	10	208	119	222	132
NET ASSETS AVAILABLE FOR BENEFITS (Statement 2)	-	-	7,043	8,579	-	-	7,043	8,579
Accrued pension benefits (Statement 3)	2,957	3,191	25,286	25,564	1,910,768	1,898,650	1,939,011	1,927,405
Unfunded liability	$2,957	$3,191	$18,243	$16,985	$1,910,768	$1,898,650	$1,931,968	$1,918,826

(See accompanying notes to the financial statements)

Public Service Superannuation Plan
Statement of Changes in Net Assets Available for Benefits

Statement 2

Year Ended March 31

	Anti-Tuberculosis League Employees Superannuation Fund (000's)		Sask. Transportation Company Employees Superannuation Fund (000's)		Public Service Superannuation Fund (000's)		Total (000's)	
	2011	2010	2011	2010	2011	2010	2011	2010
INCREASE IN ASSETS:								
Investment income Distributions-Pooled Funds (Note 3)	$ -	$ -	$ 315	$ 334	$ -	$ -	$ 315	$ 334
	-	-	315	334	-	-	315	334
Increase in market value (Note 2)	-	-	340	903	-	-	340	903
Contributions (Note 6)								
Employees'	-	-	7	11	1,724	2,427	1,731	2,438
Employers'	-	-	7	11	588	691	595	702
	-	-	14	22	2,312	3,118	2,326	3,140
Deficiency contribution from General Revenue Fund (Note 6)	408	452	-	-	119,065	114,078	119,473	114,530
Total increase in assets	408	452	669	1,259	121,377	117,196	122,454	118,907
DECREASE IN ASSETS:								
Administration expense (Note 7)	12	15	55	53	-	-	67	68
Superannuation allowances	396	437	2,071	2,138	120,392	116,230	122,859	118,805
Refunds and transfers	-	-	79	-	985	966	1,064	966
Total decrease in assets	408	452	2,205	2,191	121,377	117,196	123,990	119,839
Net decrease in assets	-	-	(1,536)	(932)	-	-	(1,536)	(932)
NET ASSETS AVAILABLE FOR BENEFITS, BEGINNING OF YEAR	-	-	8,579	9,511	-	-	8,579	9,511
NET ASSETS AVAILABLE FOR BENEFITS, END OF YEAR (Statement 1)	$ -	$ -	$ 7,043	$8,579	$ -	$ -	$ 7,043	$8,579

(See accompanying notes to the financial statements)

Public Service Superannuation Plan
Statement of Changes in Accrued Pension Benefits

Statement 3

Year Ended March 31

	Anti-Tuberculosis League Employees Superannuation Fund (000's)		Sask Transportation Company Employees Superannuation Fund (000's)		Public Service Superannuation Fund (000's)		Total (000's)	
	2011	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**
ACCRUED PENSION BENEFITS, beginning of year	$3,191	$3,423	$25,564	$26,024	$1,898,650	$1,853,333	$1,927,405	$1,882,780
INCREASE IN ACCRUED PENSION BENEFITS								
Change in assumptions (Note 4)	44	73	634	440	45,575	69,689	46,253	70,202
Interest on accrued pension benefits	147	168	1,410	1,437	90,465	94,804	92,022	96,409
Benefits accrued	-	-	34	50	9,127	12,269	9,161	12,319
	191	241	2,078	1,927	145,167	176,762	147,436	178,930
DECREASE IN ACCRUED PENSION BENEFITS								
Benefits paid	396	437	2,150	2,138	121,377	117,196	123,923	119,771
Net experience gain (Note 4)	29	36	206	249	11,672	14,249	11,907	14,534
	425	473	2,356	2,387	133,049	131,445	135,830	134,305
ACCRUED PENSION BENEFITS, end of year (Statement 1)	$2,957	$3,191	$25,286	$25,564	$1,910,768	$1,898,650	$1,939,011	$1,927,405

(See accompanying notes to the financial statements)

1. Description of the Plan

a) General

The Public Service Superannuation Board (Board) administers the funds that make up the Public Service Superannuation Plan (Plan). Day-to-day administration is provided by the Public Employees Benefits Agency (PEBA).

The Plan is a defined benefit final average pension plan. Plan details are contained in *The Public Service Superannuation Act* and *The Superannuation (Supplementary Provisions) Act*. The three main components of the Plan are described as follows:

i) Anti-Tuberculosis League Employees Superannuation Fund

The Anti-Tuberculosis League Employees Superannuation Fund (AntiTB Fund) was established under provisions of an amendment to *The Public Service Superannuation Act*, effective April 1, 1979.

ii) Saskatchewan Transportation Company Employees Superannuation Fund

The Saskatchewan Transportation Company Employees Superannuation Fund (STC Fund) was established by an amendment to *The Public Service Superannuation Act*, effective April 1, 1981. The STC Fund accumulates contributions of employees of the Saskatchewan Transportation Company as of March 31, 1981 and any investment income.

iii) Public Service Superannuation Fund

Members of the Public Service Superannuation Fund (PSSF) include those public service employees who were employed prior to October 1, 1977 and did not elect to transfer to the Public Employees Pension Plan prior to October 1, 1978.

b) Funding Policy

Members contribute at the rate of 7%, 8% or 9% of salary depending on their age at the date of commencement of employment. Contributions are reduced by an amount equal to deemed Canada Pension Plan contributions.

Certain employers are required to match employees' contributions in respect of current service.

c) Retirement

Normal retirement is at age 65. Members may retire earlier under certain conditions.

d) Pensions

Annual pensions are calculated as 2% of a member's average salary during the five years of highest salary, multiplied by the total number of years of service to a maximum of 35. At age 65, members' pensions are reduced due to integration with the Canada Pension Plan.

e) **Income Tax**

The Plan is a registered pension plan as defined by the *Income Tax Act (Canada)* and accordingly, is not subject to income taxes. Allowances and refunds are subject to withholding taxes that are remitted to Canada Revenue Agency.

2. Significant Accounting Policies

The financial statements are prepared in accordance with Canadian generally accepted accounting principles. The following accounting policies are considered significant.

a) **Investments**

Pooled fund investments are valued at the unit value supplied by the pooled fund administrator, which represent the underlying net assets of the pooled fund at fair values determined using closing bid prices.

The change in the market value of investments during the year is reflected on the financial statements as a market value adjustment.

b) **Investment Transactions and Income**

Investment transactions are recorded on the trade date. Transactions conducted in foreign currencies are translated into Canadian dollars using the exchange rate in effect at the transaction date. Dividend income is recognized on the record date. Monetary items denominated in foreign currency are translated at the exchange rate in effect at year-end.

c) **Future Accounting Policy Changes**

In April 2010, the Accounting Standards Board (ACSB) of the Canadian Institute of Chartered Accountants approved Section 4600, Pension Plans, as Part IV of the Handbook. The new section is based on the existing Section 4100, Pension Plans, in Part V of the Handbook, with the same substantive modifications including increased disclosures. The standards apply for annual financial statements relating to fiscal years beginning on or after January 1, 2011 with early adoption permitted. The Plan is evaluating the impact that these new standards will have on its financial statements.

3. Investments

The Saskatchewan Transportation Company Employees Superannuation Fund limits its investments in foreign equities including foreign pooled funds to 30% of the market value of the investment portfolio and are denominated in Canadian dollars. The STC Fund's units in pooled funds have no fixed interest rate and the returns are based on the success of the fund manager. The STC Fund's pooled funds are comprised of the following:

	Units Held (000's) 2011	2010	% of Total Units Outstanding 2011	2010	Market Value (000's) 2011	2010	Investment Income and Change in Market Value (000's) 2011	2010
Greystone Fixed Income Fund	393	492	0.78	1.07	$4,052	$5,088	$ 284	$ 422
Greystone Canadian Equity Fund	43	64	0.05	0.08	1,126	1,459	201	486
Greystone EAFE Plus Fund	101	125	0.06	0.06	790	927	60	224
Greystone US Equity Fund	76	87	0.51	0.59	825	851	108	104
Greystone Money Market Fund	25	26	0.10	0.15	250	256	2	1
					$7,043	$8,581	$ 655	$1,237

The Greystone EAFE Plus Fund holds units in the Greystone EAFE Quantitative Fund and the Greystone EAFE Growth Fund. These funds may use derivative financial instruments such as foreign currency forward exchange contracts and future contracts for hedging foreign currency and replicating indexes.

Derivative financial instruments are financial contracts that change in value resulting from changes in underlying assets or indices. Derivatives transactions are conducted in over-the-counter markets directly between two counterparties or on regulated exchange markets. All derivative financial instruments are recorded at market value using market prices. Where market prices are not readily available, other valuation techniques are used to determine market value.

Fair Value

The Saskatchewan Transportation Company Employees Superannuation Fund has classified its required fair valued financial instrument holdings using a hierarchy that reflects the significance of the inputs used in determining their measurements.

Under the classification structure, financial instruments recorded at unadjusted quoted prices in active markets for identical assets and liabilities are classified as Level 1. Instruments valued using inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly or indirectly are classified as Level 2. Instruments valued using inputs that are not based on observable market data are classified as Level 3.

The Plan presently holds only financial instruments that are classified as Level 2.

4. Obligation for Accrued Pension Benefits

Public Service Superannuation Fund:

An actuarial valuation of the Public Service Superannuation Fund was performed as at December 31, 2008 and extrapolated to March 31, 2011 by Aon Hewitt. The actuary used the projected benefit method prorated on service to determine the actuarial present value of accrued pension benefits in respect of service to the valuation date.

The pension liability is based on a number of assumptions about future events including: discount rate, rate of salary increase, mortality, retirement rates and inflation. The actual rates may vary significantly from the long-term assumptions used. There has been a change in the discount rate since the previous extrapolation done in 2010. The discount rate is based on the yield on Saskatchewan provincial bonds with cash flows that match the timing and amount of expected benefit payments. This yield has decreased from 4.90% to 4.70%, resulting in an increase in the accrued pension benefits. In addition, the mortality improvements in the 1994 Uninsured Pensioner Mortality Table have been projected to 2022, as compared to 2020 for the previous extrapolation. This change also increased the accrued pension benefits.

Significant long-term actuarial assumptions used in determining the accrued pension benefits were:

	2011	2010
Salary escalation rate	3.50%	3.50%
Inflation rate	2.50%	2.50%
Discount rate	4.70%	4.90%
Mortality table	1994 UPM (projected to 2022)	1994 UPM (projected to 2020)
Indexing	1.75% (70% CPI)	1.75% (70% CPI)

The net experience gain is due to indexing at April 1, 2011 being less than expected.

The following illustrates the effect on the accrued pension benefits of changing the estimated rates of inflation, salary escalation and discount rate.

Long-term Assumptions						
Effect on Accrued Pension	Inflation*		Salary		Discount Rate	
Benefits	3.5%	1.5%	4.5%	2.5%	5.7%	3.7%
(Decrease) increase in liability	(3.2%)	3.4%	0.1%	(0.1%)	(9.9%)	11.9%

* A change in the inflation rate of 1% has a corresponding change in the discount rate and salary scale of 1%.

Anti-Tuberculosis League Employees Superannuation Fund:

An actuarial valuation of the Anti-Tuberculosis League Employees Superannuation Fund was performed as at December 31, 2008 and extrapolated to March 31, 2011 by Aon Hewitt. The actuary used the projected benefit method prorated on service to determine the actuarial present value of accrued pension benefits in respect of service to the valuation date.

The pension liability is based on a number of assumptions about future events including: discount rate, mortality, retirement rates and inflation. The actual rates may vary significantly from the long-term assumptions used. There has been a change in the discount rate since the previous extrapolation done in 2010. The discount rate is based on the yield on Saskatchewan provincial bonds with cash flows that match the timing and amount of expected benefit payments. This yield has decreased from 4.90% to 4.70%, resulting in an increase in the accrued pension benefits. In addition, the mortality improvements in the 1994 Uninsured Pensioner Mortality Table have been projected to 2017, as compared to 2016 for the previous extrapolation. This change also increased the accrued pension benefits.

Significant long-term actuarial assumptions used in determining the accrued pension benefits were:

	2011	2010
Inflation rate	2.50%	2.50%
Discount rate	4.70%	4.90%
Mortality table	1994 UPM (projected to 2017)	1994 UPM (projected to 2016)
Indexing	1.75% (70% CPI)	1.75% (70% CPI)

The net experience gain is due to indexing at April 1, 2011 being less than expected.

The following illustrates the effect on the accrued pension benefits of changing the estimated rates of inflation and discount rate.

Long-term Assumptions

Effect on Accrued Pension Benefits	Inflation*		Discount Rate	
	3.5%	1.5%	5.7%	3.7%
(Decrease) increase in liability	(2.3%)	2.4%	(5.9%)	6.7%

* A change of 1% in the inflation rate has a corresponding change in the discount rate of 1%.

Saskatchewan Transportation Company Employees Superannuation Fund:

An actuarial valuation of the Saskatchewan Transportation Company Employees Superannuation Fund was performed as at December 31, 2008 and extrapolated to March 31, 2011 by Aon Hewitt. The actuary used the projected benefit method prorated on service to determine the actuarial present value of the pensions accrued in respect of service to the valuation date.

The pension liability is based on a number of assumptions about future events including: discount rate, rate of salary increase, mortality, retirement rates and inflation. The actual rates may vary significantly from the long-term assumptions used. There has been a change in the discount rate since the previous extrapolation done in 2010. The ultimate discount rate is based on the yield on Saskatchewan provincial bonds with cash flows that match the timing and amount of expected benefit payments after the exhaustion of the invested assets of the plan, which are expected to earn 5.75% per annum. This yield has decreased from 5.00% to 4.80%, resulting in an increase in the accrued pension benefits. In addition, the mortality improvements in the 1994 Uninsured Pensioner Mortality Table have been projected to 2020 as compared to 2018 for the previous extrapolation. This change also increased the accrued pension benefits.

Significant long-term actuarial assumptions used in determining the accrued pension benefits were:

	2011	2010
Salary escalation rate	3.50%	3.50%
Inflation rate	2.50%	2.50%
Discount rate	5.75% for 4 years, 4.80% thereafter	5.75% for 4 years, 5.00% thereafter
Mortality table	1994 UPM (projected to 2020)	1994 UPM (projected to 2018)
Indexing	1.75% (70% CPI)	1.75% (70% CPI)

The net experience gain is due to indexing at April 1, 2011 being less than expected.

The following illustrates the effect on the accrued pension benefits of changing the estimated rates of inflation, salary escalation and discount rate.

Long-term Assumptions

Effect on Accrued Pension Benefits	Inflation*		Salary		Discount Rate	
	3.5%	1.5%	4.5%	2.5%	6.75% for 4 years, 5.8% thereafter	4.75% for 4 years, 3.8% thereafter
(Decrease) increase in liability	(3.0%)	3.2%	0.1%	(0.1%)	(8.6%)	10.2%

* A change in the inflaticn rate of 1% has a corresponding change in the discount rate and salary scale of 1%.

5. Due from General Revenue Fund

The STC Fund and the AntiTB Fund bank accounts are included in the Consolidated Offset Bank Concentration arrangement for the Government of Saskatchewan.

Each Fund's earned interest is calculated and paid by the General Revenue Fund on a quarterly basis using the Government's thirty-day borrowing rate and the Fund's average daily bank account balance. The Government's average thirty-day borrowing rate in the current year was 0.80% (2010– 0.27%).

6. Deficiency Contribution from the General Revenue Fund

Under Section 40 of *The Public Service Superannuation Act*, all funds received by the Board for the PSSF are recorded as revenue of the General Revenue Fund. No funds are set aside for the payment of future benefits. All allowances and other payments are made out of the General Revenue Fund. The transactions relating to employers' and employees' contributions, superannuation allowances and refunds and transfers are recorded in these financial statements for accountability purposes.

Any deficiency of allowances and other payments over employers' and employees' contributions are recorded as a Deficiency Contribution from the General Revenue Fund. The administration costs of the PSSF are borne by the General Revenue Fund (see Note 7).

Subsections 60.1(12) and 60.2(13) of *The Public Service Superannuation Act* states that if there is insufficient money in the STC Fund and the AntiTB Fund to pay allowances or make other payments, the Minister of Finance is obligated to pay any such deficiency out of the General Revenue Fund.

7. Related Party Transactions

The annual operating expenditures associated with the administration of the STC Fund and AntiTB Fund are paid to the Public Employees Benefits Agency Revolving Fund except for investment management fees incurred for the STC Fund which are paid directly to Greystone Capital Management Inc.

	2011 (000's)						2010 (000's)		
	AntiTB		STC		Total		AntiTB	STC	Total
	Budget	Actual	Budget	Actual	Budget	Actual	Actual	Actual	Actual
Administration costs	$14	$12	$40	$36	$44	$48	$15	$35	$50
Investment management fees	-	-	21	19	21	19	-	18	18
	$14	$12	$61	$55	$65	$67	$15	$53	$68

In accordance with subsection 3(3) of *The Public Service Superannuation Act*, all general administrative and employee costs required for the administration of the Public Service Superannuation Fund are paid out of the General Revenue Fund. Accordingly, no provision for these costs is included in these financial statements. Administration costs for the year were $1,176,976 (2010 - $1,195,167).

8. Fair Value of Financial Assets and Financial Liabilities

For the following financial instruments, the fair value approximates their carrying value due to their immediate or short-term nature:

a) Due from General Revenue Fund
b) Employees' contributions receivable
c) Employers' contributions receivable
d) Other receivables
e) Contributions payable to General Revenue Fund
f) Accounts payable and accrued liabilities

Calculation of the fair value of investments is disclosed in Note 2.

The fair value of accrued pension benefits cannot be readily determined, however, information about the estimated provision is provided in Note 4.

9. Investment Performance

The investment manager makes day-to-day decisions on whether to buy or sell investments in order to achieve the long-term performance objectives set by the Board. The Board reviews the investment performance of the STC Fund in terms of the performance of the benchmark portfolio over four year rolling periods. The primary long-term investment performance objective for the entire portfolio is to outperform a benchmark portfolio.

The following is a summary of the STC Fund's investment performance:

	2011	2010	Rolling Four Year Average Annual Return
Fund's actual rate of return (a)	8.8%	14.1%	3.4%
Fund's benchmark (b)	7.9%	13.5%	3.2%

(a) The annual returns are before deducting investment expenses.
(b) The Fund's benchmark for its investment portfolio has been calculated using the actual returns of the following indices: The Standard & Poors (S&P) / Toronto Stock Exchange Capped Composite Index, the S&P 500 (Canadian dollars) Index, the Morgan Stanley Capital International Europe, Australasia and Far East Index (Canadian dollars), the DEX Universe Bond Index, and the DEX 91-Day Treasury Bill Index.

10. Financial Risk Management

The nature of the Plan's operations results in a statement of net assets available for benefits, accrued pension benefits and unfunded liability that consists primarily of financial instruments. The risks that arise are credit risk, market risk (consisting of interest rate risk, foreign exchange risk and equity price risk) and liquidity risk.

Significant financial risks are related to the STC Fund's investments. These financial risks are managed by having an investment policy, which is approved annually by the Board. The investment policy provides guidelines to the STC Fund's investments managers for the asset mix of the portfolio regarding quality and quantity of fixed income and equity investments. The asset mix helps to reduce the impact of market value fluctuations by requiring investments in different asset classes and in domestic and foreign markets. The Board reviews regular compliance reports from its investment managers and custodian as to their compliance with the investment policy. The Board also reviews regular compliance reports from its custodian as to the investment managers' compliance with the investment policy.

Credit risk

Credit risk is the risk that one party does not pay funds owed to another party. The Plan's credit risk arises primarily from accounts receivable and fixed income investments. The maximum credit risk to which it is exposed at March 31, 2011 is limited to the carrying value of the financial assets summarized as follows:

	2011 Carrying value ($000's)	2010 Carrying value ($000's)
Employee contributions receivable	$ 8	$ 60
Employers contributions receivable	5	22
Other receivables	4	41
Due from the General Revenue Fund	12	7
Deficiency Contribution due from GRF	193	-
Fixed income investments[1]	4,302	5,344

[1] Includes the fixed income and money market pooled funds.

Employee and employer contributions receivable are generally received in less than 30 days. Credit risk within investments is primarily related to the money market pooled fund and the fixed income pooled fund. It is managed through the investment policy that limits fixed term investments to those of high credit quality (minimum rating for bonds is BBB, short-term investments is R-1) along with limits to the maximum notional amount of exposure with respect to any one issuer.

Market risk

Market risk represents the potential for loss from changes in the value of financial instruments. Value can be affected by changes in interest rates, foreign exchange rates and equity prices. Market risk primarily impacts the value of investments.

<u>Interest rate risk</u>

The STC Fund is exposed to changes in interest rates in its fixed income pooled fund. Duration is a measure used to estimate the extent market values of fixed income instruments change with changes in interest rates. Using this measure, it is estimated that a 100 basis point change in interest rates would change the net assets available for benefits and the unfunded liability by $0.27 million at March 31, 2011 representing 6.7% of the $4.1 million fair value of fixed income pooled funds.

<u>Foreign exchange</u>

The STC Fund is subject to changes in the U.S. dollar exchange through its U.S. equity pooled fund. Also, the STC Fund is exposed to EAFE (Europe, Australia and Far East) currencies through its investment in EAFE equity pooled fund. Exposure to both U.S. and non-North American equity pooled funds is limited to a maximum 20% each of the market value of the total investment portfolio. At March 31, 2011, the STC Fund's exposure to the U.S. equity pooled fund was 11.7% (2010 – 9.9%) and its exposure to non-north American equity pooled fund was 11.2% (2010 – 10.8%).

At March 31, 2011, a 10% change in the Canadian dollar versus U.S. dollar exchange rate would result in approximately a $0.08 million change in the net assets available for benefits and the unfunded liability. A 10% change in the Canadian dollar versus the EAFE currencies would result in approximately a $0.08 million change in the net assets available for benefits and the unfunded liability.

Equity prices

The STC Fund is exposed to changes in equity prices in Canadian, U.S. and EAFE markets. Equity pooled funds comprise 38.9% (2010 – 37.7%) of the carrying value of the STC Fund's total investments. Individual pooled funds are diversified by geography, industry type and corporate entity. No one investee represents greater than 10% of the market value of the STC Fund.

The following table indicates the approximate change that could be anticipated to both the increase in net assets available for benefits and unfunded liability based on changes in the STC Fund's benchmark indices March 31, 2011:

	(Change in $000's) 10% increase	10% decrease
S&P/TSX Composite Index	$112	$(112)
S&P 500 Index	83	(83)
MSCI EAFE Index	79	(79)

Liquidity risk

Liquidity risk is the risk that the Plan is unable to meet its financial obligations as they fall due. Cash resources are managed on a daily basis based on anticipated cash flows. Accounts payable and accrued liabilities will be paid within the next fiscal period.

11. Cash Flow Forecast

The total cash inflows are the amount of contributions expected to be received by the pension plan. The total cash outflows are the amounts required to pay all accrued pension benefits. The forecast of cash inflows and outflows have been determined using the long-term assumptions outlined in Note 4. The expected net cash flows are based on actual dollar forecasts unadjusted for inflation. The cash required for PSSF is the amount by which the cash outflows exceed cash inflows and is forecast to the end of the year 2041.

Year	Cash Inflows (000's)	Cash Outflows (000's)	Cash Required (000's)
2011-2012	$ 737	$ 136,718	$ 135,981
2012-2013	200	140,925	140,725
2013-2014	25	140,410	140,385
2014-2015	16	138,226	138,210
2015-2016	13	135,954	135,941
Total within 5 years	$ 991	$ 692,233	$ 691,242
Total 5 - 10 years	$ 4	$ 639,099	$ 639,095
Total 11 - 30 years	$ -	$1,802,576	$1,802,576

The estimated net cash outflows for the AntiTB Fund for the next 5 years is $1.7 million, for the next 10 years $2.8 million and for the next 30 years $4.0 million. The estimated net cash outflows for the STC Fund for the next 5 years is $9.8 million, for the next 10 years $19.1 million, and for the next 30 years $40.3 million.

Appendix 'A'

Description of Market Indices

S&P/TSX Composite Index

Effective May 1, 2002, the TSE 300 index is now known as the S&P/TSX Composite Index. The index comprises approximately 71 per cent of market capitalization for Canadian-based, Toronto Stock Exchange listed companies. It is calculated on a float market capitalization and is the broadest Canadian equity index available. The index also serves as the premier benchmark for Canadian pension funds and mutual market funds.

S&P/TSX Capped Composite Index

S&P/TSX CPMS Cap 10 Index is a capitalization-weighted index comprised of all of the stocks included in the S&P/TSX Composite Index. The float capitalization weight of any stock that exceeds 10% of the S&P/TSX Composite Index is capped at 10% of the CPMS Cap 10 Index on a daily basis.

S&P 500

Standard & Poor's 500 Composite Stock Index consists of the largest 500 companies in the United States chosen for market size, liquidity and industry group representation. It is a market-value weighted index, with each stock's weight in the index proportionate to its market value. For the purposes of this report, the S&P Index returns are converted from U.S. dollars into Canadian dollars and, therefore, reflect currency gains or losses.

MSCI EAFE

Morgan Stanley Capital International Europe, Australasia and Far East Index is a widely recognized benchmark of non-U.S. stock markets. It is an unmanaged index composed of a sample of companies representative of the market structure of 21 European and Pacific Basin Countries and includes reinvestment of all dividends. This index aims to capture 85% of the free float adjusted market capitalization in each industry group in each country. Individuals cannot invest directly in an index. The index is computed on a float-based capitalization.

DEX Universe Bond Index

Formerly the SC Universe Bond Index, the DEX Universe Bond Index covers all marketable Canadian bonds with term to maturity of more than one year. The Universe contains over 1,000 marketable Canadian bonds with an average term of 10 years and an average duration of 6.5 years. The purpose of the index is to reflect the performance of the broad "Canadian Bond Market" in a similar manner to the S&P/TSX Composite Index.

DEX 91-Day T-Bill Index

Canada Treasury Bills represent the highest quality short-term instruments available. The index is constructed by selling and repurchasing Government of Canada T-Bills with an average term to maturity of 91 days. The DEX 91-Day T Bill Index is calculated and marked to market daily. Prior to June 2007, it was known as the SC 91-Day Treasury Bond Index.